

CITY OF JESUP
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

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City of Jesup

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Bishop	Mayor	January 2016
Darren Engbretson	Council Member	January 2016
Jill Chemin	Council Member	January 2018
John Crawford	Council Member	January 2016
Richard Mott	Council Member	January 2016
Melissa Trumbauer	Council Member	January 2018
LeAnn Even	City Clerk	Indefinite
Koley Mead	Deputy City Clerk	Indefinite
Chris Even	Public Works Director	Indefinite
Carter Stevens	City Attorney	Indefinite

City of Jesup



James R. Ridihalgh, CPA
Gene L. Fuelling, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Jesup, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Jesup as of June 30, 2015, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Emphasis of a Matter

As disclosed in Note 4 to the financial statements, the City of Jesup adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jesup's basic financial statements. We previously audited in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2014 (which are not presented herein) and expressed an unmodified opinion on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements and supplemental data for the years ended June 30, 2004 through June 30, 2012 (which are not presented herein) were audited by other auditors in accordance with the standards referred to in the third paragraph of this report. These auditors expressed unqualified opinions on those financial statements and supplemental data. The supplementary information included in Schedules 1 through 6, is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards;. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, the City's Management's Discussion and Analysis, the budgetary comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of Contributions on pages 9 through 14 and 33 through 39, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2015 on our consideration of the City of Jesup's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Jesup's internal control over financial reporting and compliance.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C.

October 15, 2015

City of Jesup

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Jesup provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- The City's total receipts for governmental activities increased approximately \$477,002 over fiscal year 2014. The total cost of all governmental activities programs and services decreased approximately \$628,228. The increase in receipts was primarily the result of receiving note proceeds of \$383,417 in 2015.
- The City's governmental activities cash balance at June 30, 2015 increased approximately \$520,151, from June 30, 2014.
- The cost of all governmental activities this year was approximately \$2,309,892 compared to approximately \$2,938,120 last year. The amount taxpayers ultimately financed for these activities was approximately \$1,845,634 because some of the cost was paid by those directly benefited from the programs (\$119,181) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (\$345,077).

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position, presents the City's net position. Over time, increases or decreases in the City's net position, may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position, is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax, Tax Increment Financing and Local Option Sales Tax, 3) the Debt Service Fund and 4) the Capital Projects Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the Water and Sewer Funds, considered to be major funds of the City.

The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from approximately \$1.731 million to approximately \$2.251 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities

	Year ended June 30,	
	2015	2014
Receipts:		
Program Receipts		
Charges for service	119,181	124,233
Operating grants, contributions and restricted interest	343,077	327,000
Capital grants, contributions and restricted interest	2000	0
General Receipts		
Property and other city tax	1,275,861	1,233,960
Tax increment financing	23,448	23,380
Local option sales tax	218,133	217,626
Unrestricted interest on investments	4857	0
Note proceeds	0	0
Bond proceeds	383,417	0
Other general receipts	179,136	145,909
Total receipts	<u>2,549,110</u>	<u>2,072,108</u>
Disbursements:		
Public safety	645,603	631,274
Public works	549,071	376,980
Health and social services	2,000	2,000
Culture and recreation	228,312	211,462
Community and economic development	7,458	170
General government	189,858	185,467
Debt service	520,638	569,886
Capital projects	166,952	960,881
Total disbursements	<u>2,309,892</u>	<u>2,938,120</u>
Change in cash basis net position before transfers	239,218	(866,012)
Transfers, net	<u>280,934</u>	<u>91,101</u>
Change in cash basis net position	520,152	(774,911)
Cash basis net position beginning of year	<u>1,731,371</u>	<u>2,506,283</u>
Cash basis net position end of year	<u>2,251,523</u>	<u>1,731,372</u>

The City's total receipts for governmental activities were approximately \$2,549,110. The total cost of all programs and services was approximately \$2,309,892, with no new programs added this year. The increase in receipts was primarily the result of receiving note proceeds of \$383,417 in 2015. The cash basis position of the City's governmental activities increased approximately \$520,151 from June 30, 2014.

As shown in the Cash Basis Statement of Activities and Net Position, the amount taxpayers ultimately financed for these activities was approximately \$1,845,634 because some of the cost was paid by those directly benefited from the programs (\$119,181) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (\$345,077).

Changes in Cash Basis Net Position of Business Type Activities

	<u>Year ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Receipts:		
Program Receipts		
Charges for service		
Water	386,644	379,500
Sewer	297,472	288,017
General Receipts		
Unrestricted interest on investments	1,796	1,341
Total receipts	<u>685,912</u>	<u>668,858</u>
Disbursements:		
Water	200,017	323,087
Sewer	185,846	165,805
Total disbursements	<u>385,863</u>	<u>488,892</u>
Increase in cash basis net position before transfers	300,049	179,966
Transfers, net	(280,934)	(91,101)
Change in cash basis net position	19,115	88,865
Cash basis net position beginning of year	<u>503,132</u>	<u>414,267</u>
Cash basis net position end of year	<u><u>522,247</u></u>	<u><u>503,132</u></u>

Total business type activities receipts for the year were approximately \$685,912 compared to approximately \$668,858 last year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Jesup completed the year, its governmental funds reported a combined fund balance of \$2,251,523, an increase of \$520,152 from last year's total of \$1,731,371. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance decreased \$49,377 over the prior year to \$1,123,978.

- The Special Revenue, Road Use Tax Fund cash balance decreased \$8,013 to \$54,089.
- The Special Revenue, Local Option Sales Tax Fund cash balance increased \$82,030 over the prior year to \$190,344.
- The Capital Projects Fund cash balance increased \$291,877 to \$344,794. The increase was due primarily to receiving note proceeds of \$383,417 to fund several major capital projects.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance increased \$31,728 to \$199,271.
- The Sewer Fund cash balance decreased \$12,613 to \$322,976.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved on April 7, 2015. The amendment provided for additional disbursements in certain City departments. The City had sufficient cash balances to absorb these additional costs.

The City's receipts were \$6,097 more than budgeted.

Total disbursements were \$583,981 less than the amended budget. Actual disbursements for the public works, business type activities and capital projects functions were \$9,513, \$60,167 and \$425,108, respectively, less than the amended budget. This was primarily due to major capital project disbursements less than anticipated.

DEBT ADMINISTRATION

At June 30, 2015, the City had \$2,805,000 of outstanding notes and bonds, compared to \$2,895,000 last year, as shown below.

Outstanding Debt at Year-End		
	<u>Year ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
General obligation capital loan notes	2,390,000	2,410,000
Water revenue bonds	0	10,000
Local option sales tax revenue bonds	415,000	475,000
Total	<u>2,805,000</u>	<u>2,895,000</u>

The City issued \$370,000 of general obligation capital loan notes in the current fiscal year to pay costs of constructing street, water, sanitary sewer, storm sewer and water improvements.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The

City's outstanding general obligation and local option sales tax revenue debt of \$2,805,000 is significantly below its constitutional debt limit of \$7,074,170.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Jesup's elected, appointed officials and department heads considered many factors when setting the fiscal year 2016 budget, tax rates and fees charged for various City activities.

An increase was budgeted for property and other city tax due to increased taxable property valuations.

An increase was budgeted for charges for service as the water and sewer rates were raised in July 2015.

An increase was budgeted for the Library levy that was passed at the November, 2013 city election.

An increase was budgeted for the Emergency levy in order to assist General Fund expenditures.

General Fund expenditures were increased for hiring a fourth full time police officer, purchasing a new cot and chair lift for the ambulance, purchasing a new dump truck, and repairs and maintenance to the Library building.

Other financing sources and capital projects expenditures were increased for the Emergency Services Building project, the 1st Street Railroad project, and 5th and Church Street capital project.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Clerk/Treasurer, PO Box 592, Jesup, Iowa 50648.

Basic Financial Statements

City of Jesup

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2015

Functions / Programs:	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Public safety	\$ 645,603	100,863	42,255	-
Public works	549,071	11,906	262,036	-
Health & Social Services	2,000	-	-	-
Culture and recreation	228,312	1,492	23,479	-
Community and economic development	7,458	-	-	-
General government	189,858	4,920	11,635	-
Debt service	520,638	-	3,672	-
Capital projects	166,952	-	-	2,000
Total governmental activities	2,309,892	119,181	343,077	2,000
Business type activities:				
Water	173,734	356,712	-	-
Sewer	185,846	296,962	-	-
Utility Deposits/Sales Tax	26,283	24,747	-	-
Total business type activities	385,863	678,421	-	-
Total	\$ 2,695,755	797,602	343,077	2,000

General Receipts:

Property tax levied for:
 General purposes
 Tax increment financing
 Debt service
 Local option sales tax
 Unrestricted interest on investments
 Bond proceeds, net
 Miscellaneous
 Transfers

Total general receipts and transfers

Change in cash basis net position

Cash basis net position beginning of year

Cash basis net position end of year

Cash Basis Net Position

Restricted:

Expendable:

Debt service
 Streets
 Local Option Sales Tax
 Capital Projects
 Other purposes

Unrestricted

Total cash basis net position

See notes to financial statements

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business Type Activities	Total
(502,485)	-	(502,485)
(275,129)	-	(275,129)
(2,000)	-	(2,000)
(203,341)	-	(203,341)
(7,458)	-	(7,458)
(173,303)	-	(173,303)
(516,966)	-	(516,966)
(164,952)	-	(164,952)
(1,845,634)	-	(1,845,634)
-	182,978	182,978
-	111,116	111,116
-	(1,536)	(1,536)
-	292,558	292,558
(1,845,634)	292,558	(1,553,076)
964,860	-	964,860
23,448	-	23,448
310,823	-	310,823
218,133	-	218,133
5,035	1,796	6,831
383,417	-	383,417
179,136	5,695	184,831
280,934	(280,934)	-
2,365,786	(273,443)	2,092,343
520,152	19,115	539,267
1,731,371	503,132	2,234,503
2,251,523	522,247	2,773,770
8,943	661	9,604
54,089	-	54,089
190,344	-	190,344
620,258	-	620,258
701,696	-	701,696
676,193	521,586	1,197,779
2,251,523	522,247	2,773,770

City of Jesup

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2015

	Special Revenue		Debt Service	C.P. 4th, 5th & Purdy Street
	General	RUT		
Receipts:				
Property tax	\$ 748,562	-	310,823	-
Other city tax	-	-	-	-
Tax Increment Financing	-	-	-	-
Licenses and permits	17,078	-	-	-
Use of money and property	4,082	-	266	-
Intergovernmental	70,536	262,036	3,672	-
Charges for service	104,836	-	-	-
Special assessment	178	-	-	-
Miscellaneous	89,827	-	-	-
Total receipts	1,035,099	262,036	314,761	-
Disbursements:				
Operating:				
Public safety	463,924	-	-	-
Public works	267,867	230,175	-	-
Health & Social Services	2,000	-	-	-
Culture and recreation	185,828	-	-	-
Community and economic development	7,458	-	-	-
General government	154,604	-	-	-
Debt service	-	-	445,313	-
Capital projects	-	-	-	49,657
Total disbursements	1,081,681	230,175	445,313	49,657
Excess of receipts over disbursements	(46,582)	31,861	(130,552)	(49,657)
Other financing sources (uses):				
Bond Proceeds	-	-	-	191,150
Operating transfers in	23,474	-	137,511	150,384
Operating transfers out	(26,269)	(39,874)	-	-
Total other financing sources (uses)	(2,795)	(39,874)	137,511	341,534
Change in cash balances	(49,377)	(8,013)	6,959	291,877
Cash balances beginning of year	1,173,355	62,102	1,984	52,917
Cash balances end of year	\$ 1,123,978	54,089	8,943	344,794
Cash Basis Fund Balances				
Restricted for:				
Debt service	-	-	8,943	-
Streets	-	54,089	-	-
Local Option Sales Tax	-	-	-	-
Capital Projects	-	-	-	344,794
Other purposes	447,785	-	-	-
Unassigned	676,193	-	-	-
Total cash basis fund balances	\$ 1,123,978	54,089	8,943	344,794

See notes to financial statements

Other Nonmajor Governmental Funds	Total
216,298	1,275,683
-	218,133
23,448	23,448
-	17,078
1,002	5,962
4,995	341,239
-	104,836
-	178
89,309	179,136
335,052	2,165,693

181,679	645,603
51,029	549,071
-	2,000
42,484	228,312
-	7,458
35,254	189,858
-	520,638
117,295	166,952
427,741	2,309,892
(92,689)	(144,199)

192,267	383,417
165,135	476,504
(68,037)	(195,570)
289,365	664,351
196,676	520,152
332,699	1,731,371
529,375	2,251,523

-	8,943
-	54,089
-	190,344
275,464	620,258
253,911	701,696
-	676,193
529,375	2,251,523

City of Jesup
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2015

	Water	Sewer	Utility Deposits Sales Tax	Total
Operating receipts:				
Use of money and property	\$ 545	1,150	101	1,796
Licenses Permits	800	800	-	1,600
Charges for service	355,912	296,162	24,747	676,821
Miscellaneous	2,044	510	3,141	5,695
Total operating receipts	359,301	298,622	27,989	685,912
Operating disbursements:				
Business type activities	173,734	185,846	26,283	385,863
Total operating disbursements	173,734	185,846	26,283	385,863
Excess (deficiency) of operating receipts over (under) operating disbursements	185,567	112,776	1,706	300,049
Transfers in (out)	(155,545)	(125,389)	-	(280,934)
Change in cash balances	30,022	(12,613)	1,706	19,115
Cash balances beginning of year	133,123	335,589	34,420	503,132
Cash balances end of year	\$ 163,145	322,976	36,126	522,247
Cash Basis Fund Balances				
Restricted for debt service	\$ 661	-	-	661
Unrestricted	162,484	322,976	36,126	521,586
Total cash basis fund balances	\$ 163,145	322,976	36,126	522,247

See notes to financial statements

City of Jesup

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

The City of Jesup is a political subdivision of the State of Iowa located in Buchanan and Black Hawk Counties. It was first incorporated in 1876 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Jesup has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Jesup (the Primary Government), and the following component units: the Jesup Fire Association, the Jesup Ambulance Crew Association, the Jesup Library Endowment Fund Incorporated, and the Friends of the Jesup Public Library. These component units are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Blended Component Units

The Jesup Fire Association (Association) is legally separate from the City but is so intertwined with the City it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. The Association has been established pursuant to local ordinance to prevent and extinguish fires and to protect lives and property against fires, to promote fire prevention and fire safety and to answer all emergency calls for which there is no other established agency. Although the Association is legally separate from the City, its purpose is to benefit the City of Jesup (the primary government) by providing the above services and by soliciting contributions and managing those funds.

The Jesup Ambulance Crew Association (Crew Association) is legally separate from the City but is so intertwined with the City it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. Although the Crew Association is legally separate from the City, its purpose is to benefit the City of Jesup (the primary government) by soliciting contributions and managing those funds.

The Jesup Library Endowment Fund Incorporated (Endowment) is legally separate from the City but is so intertwined with the City it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. The purpose of the Endowment is to provide additional financial support for the library, to continue the development of its collection and maintain excellent service to the public. Although the Endowment is legally separate from the City, its purpose is to benefit the City of Jesup (the primary government) by providing the above services and by soliciting contributions and managing those funds.

The Friends of the Jesup Public Library (Friends) is legally separate from the City but is so intertwined with the City it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. Although Friends is legally separate from the City, its purpose is to benefit the City of Jesup (the primary government) by maintaining an association of persons interest in the Jesup Public Library, to promote and stimulate use of the Jesup Public Library, to work with and support the library staff and Board of Trustees in their efforts to inform and educate the public as to the Library's resources and services and to generate financial support for the further development of library services. Since June 2006, the City of Jesup has been responsible for accounting for the Friends of the Jesup Public Library.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: County Assessor's Conference Board, Buchanan County Emergency Management Commission, Buchanan County Economic Development, and Joint E911 Service Board. The City also participates in the Buchanan County Solid Waste Commission, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa

B. Basis of Presentation

Government-wide Financial Statements - The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position result when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints on cash balances imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Local Option Sales Tax is used to account for revenues and expenditures of local option sales tax.

The Debt Service Fund is used to account for property tax and other receipts to be used for the payment of principal and interest on the City's general long-term debt.

The Capital Projects:

The 4th, 5th, & Purdy Street Fund is utilized to account for the revenues and disbursements for the 4th, 5th, and Purdy Street Project.

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's Water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances:

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Council intends to use for specific purposes.

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. At June 30, 2015, disbursements did not exceed the amount budgeted in any functions.

(2) **Cash and Pooled Investments**

The City's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) **Bonds and Notes Payable**

Annual debt service requirements to maturity for general obligation capital loan notes and revenue bonds and notes are as follows:

Year Ending June 30,	General Obligation Bonds		Local Option Sales Tax Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 423,000	49,953	65,000	13,175	488,000	63,128
2017	447,000	38,846	65,000	11,388	512,000	50,234
2018	265,000	29,293	70,000	9,600	335,000	38,893
2019	270,000	23,398	70,000	7,500	340,000	30,898
2020	275,000	17,090	75,000	7,500	345,000	22,315
2021 – 2024	710,000	12,628	-	8,000	785,000	15,403
Total	<u>\$ 2,390,000</u>	<u>171,208</u>	<u>415,000</u>	<u>49,663</u>	<u>2,805,000</u>	<u>220,871</u>

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund.

Revenue Bonds

The City had pledged future water customer receipts, net of specified operating disbursements, to repay \$600,000 of water revenue bonds issued in November 1975. Proceeds from the bonds provided financing for the construction of water main extensions. The bonds are payable solely from water customer net receipts and are payable through 2015. Annual principal and interest payments on the

bonds are expected to require less than 26% of net receipts. For the current year, principal and interest paid and total customer net receipts were \$10,500 and \$355,912 respectively. The revenue bond was paid in full as of June 30, 2015.

The City has pledged future local option sales tax receipts, net of specified operating disbursements, to repay \$650,000 of local option sales tax revenue bonds issued in December 2010. Proceeds from the bonds provided financing for constructing, equipping and furnishing a new City Hall. The bonds are payable solely from a portion of local option sales tax receipts and are payable through 2021. Annual principal and interest payments on the bonds are expected to require less than 37% of net receipts. The total principal and interest remaining to be paid on the bonds is \$464,663. For the current year, principal and interest paid and local option sales tax receipts were \$74,825 and \$218,133, respectively.

The resolutions providing for the issuance of the revenue bonds/notes include the following provisions:

- (a) The bonds/notes will only be redeemed from the future earnings/receipts of the enterprise fund activity and local option sales tax receipts and the bond/note holders hold a lien on the future earnings/receipts of the funds.
- (b) Sufficient monthly transfers shall be made to separate water and local option sales tax revenue bond/note sinking accounts within the Enterprise or Special Revenue, Local Option Sales Tax Funds for the purpose of making the bond/note principal and interest payments when due.
- (c) Specified amounts are required to be held in water and local option sales tax reserve accounts. These accounts are restricted for the purpose of paying for any additional improvements, extensions or repair to the systems or, when necessary, for the purpose of making the principal and interest payments when due.

(4) Pension and Retirement Benefits

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).

- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent. Protection Occupation members contributed 6.76 percent of pay and the City contributed 10.14 percent for a total rate of 16.90 percent.

The City's contributions to IPERS for the year ended June 30, 2015 were \$49,193

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City's liability for its proportionate share of the collective net pension liability totaled \$181,996. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's proportion was 0.005418 percent, which was a decrease of 0.0008292 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the City's collective pension expense, collective deferred outflows and collective deferred inflows totaled \$19,919, \$12,091, and \$121,033 respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the

long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
City's proportionate share of the net pension liability	\$455,269	\$181,996	(\$48,562)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

(5) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and their families. There are ten active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under 65 would pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2015, the City contributed \$96,347 and plan members eligible for benefits contributed \$24,087 to the plan.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time payable to employees at June 30, 2015, primarily relating to the General Fund, is as follows:

<u>Type of benefit</u>	<u>Amount</u>
Vacation	\$ 22,647
Sick	<u>21,118</u>
Total	<u>\$ 43,765</u>

This liability has been computed based on rates of pay in effect at June 30, 2015.

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General Fund	Special Revenue	
	Emergency	\$ 12,308
	Library	<u>4,233</u>
		16,541
General Fund:		
Parks	General Fund	5,000
Self-Insurance	General Fund	1,933
Debt Service	Special Revenue:	
	Road Use Tax	39,874
	Tax Increment Financing	24,103
	Enterprise Funds:	
	Water	26,145
	Sewer	<u>47,389</u>
		137,511
Capital Projects	Special Revenue:	
City Hall	Local Option Sales Tax	1,390
4 th , 5 th , & Purdy St.	Capital Projects:	
	1 st Street Storm Sewer	20,984
	Enterprise Fund:	
	Water	<u>129,400</u>
		150,384
6 th St. Reconst.	Capital Projects:	
	Douglas Street	6,409
5 th & Church St.	Enterprise Fund:	
	Sewer	78,000
Emg. Service Bldg.	Special Revenue:	
	Local Option Sales Tax	60,000
Wellness Center	General Fund	<u>19,336</u>
Total		<u>\$ 476,504</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(8) Related Party Transactions

The City had business transactions between the City and City officials during the year ended June 30, 2015 totaling \$243.

(9) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Commitments

The City leases certain office equipment. A copier is being leased for \$200 per month and the lease expires in April 2018.

The City entered into an installment purchase agreement for emergency services equipment with a cost of \$51,823. The agreement calls for three equal annual payments. The first installment will be made in fiscal year 2016.

At June 30, 2015, the City had remaining contract balances totaling \$307,883 for ongoing capital projects. Project costs will be paid as work on the unfinished projects progresses.

(11) Employee Health Insurance Plan

The City assumes liability for claims between \$250 and \$500 for all coverage. Claims in excess of the deductible are insured through the purchase of insurance. For the year ended June 30, 2015 payments totaling \$1,933 were recorded as disbursements in the General Fund.

(12) Litigation

The City was not subject to any pending litigation during the year.

(13) Subsequent Event

There were no subsequent events through October 15, 2015, the date of the audit report.

Other Information

City of Jesup

Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances -
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 1,275,683	-	-
Tax increment financing collections	23,448	-	-
Other city tax	218,133	-	-
Licenses and permits	17,078	1,600	-
Use of money and property	5,962	1,796	927
Intergovernmental	341,239	-	-
Charges for service	104,836	676,821	-
Special assessment	178	-	-
Miscellaneous	179,136	5,695	81,650
Total receipts	2,165,693	685,912	82,577
Disbursements:			
Public safety	645,603	-	108,106
Public works	549,071	-	-
Health & Social Services	2,000	-	-
Culture and recreation	228,312	-	3,242
Community and economic development	7,458	-	-
General government	189,858	-	1,933
Debt service	520,638	-	-
Capital projects	166,952	-	-
Business type activities	-	385,863	-
Total disbursements	2,309,892	385,863	113,281
Excess of receipts over disbursements	(144,199)	300,049	(30,704)
Other financing sources (uses), net	664,351	(280,934)	-
Excess of receipts and other financing sources over disbursements and other financing uses	520,152	19,115	(30,704)
Balances beginning of year	1,731,371	503,132	198,431
Balances end of year	\$ 2,251,523	522,247	167,727

See accompanying independent auditor's report.

Net	Budgeted Amounts Final	Final to Net Variance
1,275,683	1,252,430	23,253
23,448	22,299	1,149
218,133	229,827	(11,694)
18,678	23,805	(5,127)
6,831	6,570	261
341,239	346,475	(5,236)
781,657	775,825	5,832
178	1,000	(822)
103,181	104,700	(1,519)
2,769,028	2,762,931	6,097
537,497	604,732	67,235
549,071	558,584	9,513
2,000	2,000	-
225,070	244,871	19,801
7,458	7,800	342
187,925	189,738	1,813
520,638	520,640	2
166,952	592,060	425,108
385,863	446,030	60,167
2,582,474	3,166,455	583,981
186,554	(403,524)	590,078
383,417	203,400	180,017
569,971	(200,124)	770,095
2,036,072	2,054,645	(18,573)
2,606,043	1,854,521	751,522

City of Jesup
Notes to Other Information – Budgetary Reporting
June 30, 2015

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Funds. The annual budget may be amended during the year utilizing statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, a budget amendment decreased budgeted disbursements by \$803,829. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2015, disbursements did not exceed the amounts budgeted in the any functions.

City of Jesup
Schedule of the City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*

Other Information

	<u>2015</u>
City's proportion of the net pension liability	0.005418%
City's Proportionate share of the net pension liability	\$ 181,996
City's covered-employee payroll	\$ 517,716
City's Proportionate share of the net pension liability as a percentage of its covered-employee payroll	35.15%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

City of Jesup
Schedule of City Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

Other Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 49,193	48,108	44,732
Contributions in relation to the statutorily required contribution	<u>(49,193)</u>	<u>(48,108)</u>	<u>(44,732)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	529,333	517,716	488,271
Contributions as a percentage of covered-employee payroll	9.29%	9.29%	9.16%

See accompanying independent auditor's report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

City of Jesup

Notes to Other Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

Supplementary Information

City of Jesup

City of Jesup

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds - Summary

As of and for the year ended June 30, 2015

	Special Revenue	Capital Projects	Total
Receipts:			
Property tax	\$ 216,298	-	216,298
Other city tax	-	-	-
Tax increment financing	23,448	-	23,448
Licenses & Permits	-	-	-
Use of money and property	1,002	-	1,002
Intergovernmental	2,995	2,000	4,995
Charges for services	-	-	-
Special Assessment	-	-	-
Miscellaneous	89,309	-	89,309
Total receipts	333,052	2,000	335,052
Disbursements:			
Operating:			
Public safety	181,679	-	181,679
Public works	40,196	10,833	51,029
Health & Social Services	-	-	-
Culture and recreation	42,484	-	42,484
Community and economic development	-	-	-
General government	35,254	-	35,254
Debt service	-	-	-
Capital projects	-	117,295	117,295
Total disbursements	299,613	128,128	427,741
Excess (deficiency) of receipts over (under) disbursements	33,439	(126,128)	(92,689)
Other financing sources:			
Bond proceeds	-	192,267	192,267
Operating transfers in	-	165,135	165,135
Operating transfers (out)	(40,644)	(27,393)	(68,037)
Change in cash balances	(7,205)	203,881	196,676
Cash balances beginning of year	261,116	71,583	332,699
Cash balances end of year	253,911	275,464	529,375
Cash Basis Fund Balances			
Restricted			
Debt Service	-	-	-
Streets	-	-	-
Local Option Sales Tax	-	-	-
Other purposes	253,911	275,464	529,375
Total cash basis fund balances	253,911	275,464	529,375

See accompanying independent auditor's report

City of Jesup

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds - Special Revenue Funds

As of and for the year ended June 30, 2015

	Employee Benefits	Emergency	TIF	Housing Rehab
Receipts:				
Property tax	\$ 204,207	12,091	-	-
Other city tax	-	-	-	-
Tax increment financing	-	-	23,448	-
Licenses & Permits	-	-	-	-
Use of money and property	-	-	-	-
Intergovernmental	2,398	142	455	-
Charges for services	-	-	-	-
Special Assessment	-	-	-	-
Miscellaneous	-	-	-	-
Total receipts	206,605	12,233	23,903	-
Disbursements:				
Operating:				
Public safety	73,573	-	-	-
Public works	40,196	-	-	-
Health & Social Services	-	-	-	-
Culture and recreation	39,242	-	-	-
Community and economic development	-	-	-	-
General government	35,254	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	188,265	-	-	-
Excess (deficiency) of receipts over (under) disbursements	18,340	12,233	23,903	-
Other financing sources:				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	(12,308)	(24,103)	-
Change in cash balances	18,340	(75)	(200)	-
Cash balances beginning of year	49,098	147	200	981
Cash balances end of year	67,438	72	-	981
Cash Basis Fund Balances				
Restricted				
Debt Service	-	-	-	-
Streets	-	-	-	-
Local Option Sales Tax	-	-	-	-
Other purposes	67,438	72	-	981
Total cash basis fund balances	67,438	72	-	981

See accompanying independent auditor's report

Library	Jesup Fire Association	Jesup Ambulance Crew Assoc.	Jesup Library Endowment Fund	Friends of the Jesup Public Library	Total
-	-	-	-	-	216,298
-	-	-	-	-	-
-	-	-	-	-	23,448
-	-	-	-	-	-
75	123	505	262	37	1,002
-	-	-	-	-	2,995
-	-	-	-	-	-
-	-	-	-	-	-
7,659	64,153	14,483	10	3,004	89,309
7,734	64,276	14,988	272	3,041	333,052
-	74,571	33,535	-	-	181,679
-	-	-	-	-	40,196
-	-	-	-	-	-
-	-	-	-	3,242	42,484
-	-	-	-	-	-
-	-	-	-	-	35,254
-	-	-	-	-	-
-	-	-	-	-	-
-	74,571	33,535	-	3,242	299,613
7,734	(10,295)	(18,547)	272	(201)	33,439
-	-	-	-	-	-
(4,233)	-	-	-	-	(40,644)
3,501	(10,295)	(18,547)	272	(201)	(7,205)
19,759	91,912	69,878	18,044	11,097	261,116
23,260	81,617	51,331	18,316	10,896	253,911
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
23,260	81,617	51,331	18,316	10,896	253,911
23,260	81,617	51,331	18,316	10,896	253,911

City of Jesup
Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds - Capital Projects Funds

As of and for the year ended June 30, 2015

	City Hall Project	Douglas Street	South Street Phase III	6th Street Reconstruction
Receipts:				
Property tax	\$ -	-	-	-
Other city tax	-	-	-	-
Tax increment financing	-	-	-	-
Use of money and property	-	-	-	-
Licenses & permits	-	-	-	-
Intergovernmental	-	-	2,000	-
Charges for services	-	-	-	-
Special Assessment	-	-	-	-
Miscellaneous	-	-	-	-
Total receipts	-	-	2,000	-
Disbursements:				
Operating:				
Public safety	-	-	-	-
Public works	-	3,866	-	-
Health & Social Services	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	-	-	-
General government	-	-	-	-
Debt service	-	-	-	-
Capital projects	1,390	-	27,285	8,261
Total disbursements	1,390	3,866	27,285	8,261
Excess (deficiency) of receipts over (under) disbursements	(1,390)	(3,866)	(25,285)	(8,261)
Other financing sources:				
Bond Proceeds	-	-	-	-
Operating transfers in	1,390	-	-	6,409
Operating transfers (out)	-	(6,409)	-	-
Change in cash balances	-	(10,275)	(25,285)	(1,852)
Cash balances beginning of year	-	10,275	42,500	4,273
Cash balances end of year	-	-	17,215	2,421
Cash Basis Fund Balances				
Restricted				
Debt Service	-	-	-	-
Streets	-	-	-	-
Local Option Sales Tax	-	-	-	-
Capital Projects	-	-	17,215	2,421
Other purposes	-	-	-	-
Total cash basis fund balances	-	-	17,215	2,421

See accompanying independent auditor's report

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City of Jesup
Schedule of Indebtedness
Year ended June 30, 2015

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Bonds/Notes:			
Corporate Purpose, Series 2010A	April 15, 2010	2.00-3.00%	\$ 850,000
Corporate Purpose, Series 2011	May 1, 2011	2.50-3.40%	1,500,000
Corporate Purpose and Refunding, Series 2013A	April 1, 2013	1.25-1.85%	1,280,000
Corporate Purpose, Series 2015A	May 6, 2015	1.99%	370,000
Total			
Revenue Bonds:			
Water	Nov. 25, 1975	5.00%	600,000
Local Option & Services Tax Revenue Bonds, Series 2010B	Dec. 1, 2010	2.75-3.70%	650,000
Total			

See accompanying independent auditor's report

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
\$ 150,000	-	150,000	-	4,500
1,125,000	-	130,000	995,000	33,157
1,135,000	-	110,000	1,025,000	16,405
-	370,000	-	370,000	-
2,410,000	370,000	390,000	2,390,000	54,062
10,000	-	10,000	-	510
475,000	-	60,000	415,000	14,825
\$ 485,000	-	70,000	415,000	15,335

City of Jesup
Bond and Note Maturities
June 30, 2015

Year Ending June 30,	General Obligation Bonds and Notes						
	Capital Loan Note Series 2011		Capital Loan Note Series 2013A		Capital Loan Note Series 2015A		Total
	May 1, 2011		April 1, 2013		May 6, 2015		
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2016	2.50%	\$ 130,000	1.25%	\$ 110,000	1.99%	\$ 183,000	
2017	2.50%	135,000	1.25%	125,000	1.99%	187,000	447,000
2018	3.05%	140,000	1.25%	125,000		-	265,000
2019	3.05%	140,000	1.25%	130,000		-	270,000
2020	3.05%	145,000	1.45%	130,000		-	275,000
2021	3.20%	150,000	1.60%	135,000		-	285,000
2022	3.40%	155,000	1.75%	135,000		-	290,000
2023		-	1.85%	135,000		-	135,000
2024		-		-		-	-
Total		\$ 995,000		\$ 1,025,000		\$ 370,000	\$ 2,390,000

Year Ending June 30,	Revenue Bond	
	Local Option Sales Tax	
	Dec. 1, 2010	
	Interest Rates	Amount
2016	2.75%	\$ 65,000
2017	2.75%	65,000
2018	3.00%	70,000
2019	3.25%	70,000
2020	3.50%	70,000
2021	3.70%	75,000
2022	-	-
2023	-	-
2024	-	-
		<u>\$ 415,000</u>

See accompanying independent auditor's report

City of Jesup

Schedule of Receipts by Source and Disbursements By Function
All Governmental Funds

For the Last Ten Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Receipts:					
Property tax	\$ 1,275,683	\$ 1,230,501	\$ 1,159,930	\$ 1,095,145	\$ 1,006,275
Tax increment financing	23,448	23,381	47,368	53,241	100,258
Other city tax	218,133	217,626	211,208	204,516	180,579
Licenses and permits	17,078	20,266	21,673	16,520	18,818
Use of money and property	5,962	7,020	8,773	11,442	12,745
Intergovernmental	341,239	316,913	301,205	880,334	766,859
Charges for service	104,836	103,967	153,066	149,866	203,817
Special assessments	178	3,458	1,055	2,118	6,650
Miscellaneous	<u>179,136</u>	<u>148,976</u>	<u>156,662</u>	<u>266,461</u>	<u>167,962</u>
Total	<u>\$2,165,693</u>	<u>\$ 2,072,108</u>	<u>\$ 2,060,940</u>	<u>\$ 2,679,643</u>	<u>\$ 2,463,963</u>
Disbursements:					
Operating:					
Public safety	\$ 645,603	\$ 631,275	\$ 438,876	\$ 625,595	\$ 459,888
Public works	549,071	376,979	289,002	453,006	403,864
Health & Social Services	2,000	2,000	2,000	1,925	1,925
Culture and recreation	228,312	211,462	201,111	247,481	194,326
Community and economic development	7,458	170	436	42	152,545
General government	189,858	185,467	184,677	154,245	144,351
Debt service	520,638	569,887	1,024,577	580,841	343,949
Capital projects	<u>166,952</u>	<u>960,881</u>	<u>667,936</u>	<u>2,588,450</u>	<u>1,515,202</u>
Total	<u>\$2,309,892</u>	<u>\$ 2,938,121</u>	<u>\$ 2,808,615</u>	<u>\$ 4,651,585</u>	<u>\$ 3,216,050</u>

See accompanying independent auditor's report

2010	2009	2008	2007	2006
\$ 830,846	\$ 840,869	\$ 761,075	\$ 781,496	\$ 650,691
196,237	6,907	11,741	5,587	236,915
173,896	176,716	164,191	178,918	127,748
21,475	14,968	16,894	18,338	15,617
16,022	21,490	26,468	51,836	47,709
267,294	240,718	296,560	258,546	344,344
148,209	174,982	182,426	146,624	157,037
25,674	4,954	2,902	9,615	5,334
234,008	185,835	141,330	114,934	99,082
<u>\$ 1,913,661</u>	<u>\$ 1,667,439</u>	<u>\$ 1,603,587</u>	<u>\$ 1,565,894</u>	<u>\$ 1,684,477</u>
\$ 461,475	\$ 449,386	\$ 502,417	\$ 395,643	\$ 353,916
650,275	382,207	320,566	528,962	340,591
1,925	1,925	1,925	1,925	1,925
175,873	162,105	158,822	175,644	155,436
507,639	98,877	106,308	206,428	189,345
137,150	133,584	127,532	112,409	117,256
853,490	267,153	203,140	238,198	218,214
293,326	804,923	365,543	89,305	410,686
<u>\$ 3,081,153</u>	<u>\$ 2,300,160</u>	<u>\$ 1,786,253</u>	<u>\$ 1,748,514</u>	<u>\$ 1,787,369</u>



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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Jesup, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 15, 2015. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Jesup's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Jesup's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Jesup's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control we consider to be material weaknesses and significant.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Jesup's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-15 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-15 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Jesup's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Jesup's Responses to Findings

The City of Jesup's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Jesup's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Jesup during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C., CPA'S

October 15, 2015

City of Jesup

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.
- (b) A significant deficiency and material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) The City of Jesup did not expend in excess of the OMB A-133 Single Audit dollar threshold of \$500,000 for the year ended June 30, 2015.

City of Jesup

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-15 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response – Segregation of duties is controlled as much as possible considering the limited number of employees.

Conclusion – Response acknowledged.

II-B-15 Preparation of Financial Statements – The City of Jesup, Iowa employs an accounting staff with the ability to prepare its financial statements (including footnotes disclosures) in conformity with accounting principles generally accepted in the United States of America, but the staff does not have the training or reference materials available to draft the footnotes to the financial statements; therefore, it relies on its auditors to prepare such statements.

Response – Management feels that having the auditors draft the financial statements and notes is a tolerable situation. Internal financial statements are prepared monthly for reporting and decision making purposes. The requirements and form of the audited statements are different than the internal needs and change occasionally. Given the size of the organization, it is helpful to rely on the expertise of the auditors to monitor those requirements. Management approves the draft financial statements prior to their issuance.

Conclusion – Response acknowledged.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Jesup

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part III: Other Findings Related to Statutory Reporting:

III-A-15 Certified Budget – Disbursements during the year ended June 30, 2015 did not exceed the amount budgeted in the any functions.

III-B-15 Questionable Disbursements – There were no disbursements noted that do not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

III-C-15 Travel Expense – Certain travel disbursements made by the City we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

It was noted in the audit that the City did not have itemized meal receipts and one of which included a twenty-seven percent tip.

Recommendation – The City should enforce itemized meal receipts whether for reimbursement or if charged to the City's VISA card and include reasonable tip.

Response – We will require itemized receipts for meal disbursements.

Conclusion – Response accepted.

III-D-15 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Doug Shaffer, Ambulance Chief, Owner of Primrose Heating & Air Conditioning	Plumbing/AC Services	\$243

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transaction does not appear to represent a conflict of interest since the total is less than \$1,500 during the fiscal year.

III-E-15 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

III-F-15 Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

City of Jesup

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

- III-G-15 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- IV-H-15 Payment of General Obligation Bonds – The City properly paid for its General Obligation bonds out of the debt service fund.
- III-I-15 Revenue Bonds and Notes – No instances of non-compliance with the revenue bond and note resolutions were noted.
- III-J-15 Tax Increment Financing (TIF) – Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid.
- No instances of non-compliance with the City's TIF funds noted.
- III-K-15 Urban Renewal Annual Report – The urban renewal annual report was approved and was certified to the Iowa Department of Management on or before December 1. No other instances of non-compliances with the Urban Renewal Annual Report was noted.